

INSTRUCTIONS FOR FILING LOCAL GOVERNMENT INSURANCE  
PREMIUM TAX ANNUAL RECONCILIATION (LGT 140)

(KRS 91A.080; 806 KAR 2:090, 2:095, 2:096, and 2:097)

1. THIS FORM MUST BE FILED ON OR BEFORE MARCH 31ST OF EACH YEAR with the city or county or urban-county government to which it applies, and a copy to the **Office of Insurance, Local Government Premium Tax Unit, P. O. Box 517, Frankfort, Kentucky, 40602**, accompanied by a \$5.00 fee per insurer payable to the Kentucky State Treasurer. Where there are no premiums collected within any of the taxing authorities, see #7 below. Inquiries regarding the preparation of the annual reconciliation should be directed to the address above.
2. EACH INSURER MUST FILE. GROUP FILINGS ARE NOT ACCEPTABLE. Always give the employer identification number assigned by the IRS and other required information, including the telephone number of the person preparing the return. Please do not staple the filings.
3. Each tax return for each city, county or urban-county government must bear the certification (signature of preparer and date prepared) as shown on the specimen.
4. THE TAX RETURN IS A SPECIMEN ONLY. Each insurer is responsible for producing sufficient tax return forms which contain the information requested in the general arrangement shown on the specimen. Insurers may use forms substantially similar to the specimen.
5. Any license fee or tax not paid on or before the due date shall bear interest at the tax interest rate as defined in KRS 131.010(6) from the date due until paid. Such interest is payable to the cities, counties or urban county governments.
6. The tax rates may change effective July 1. Be certain to use the correct tax percentage.
7. An insurer shall not file Form LGT-140 for cities, counties, or Urban county governments where the tax liability is NONE.
8. If the insurer has collected no premiums within any taxing Authority for the kinds of insurance subject to this tax, the insurer shall notify the Office of Insurance by

completing Form LGT-140 and state the reason that no Kentucky Local Government Premium Taxes were due. This report shall contain the signature of the company official responsible for preparing the report and be accompanied by a fee of \$5.00 per insurer.

9. Figures that are not legible will not be approved.
10. Annual reconciliations must be filed by tax year. We cannot approve more than one form for any city/county. When errors are found, a new annual reconciliation must be filled out in its entirety and amended to include corrections. Submit the amended form to the city/county along with additional money due, if applicable, and a copy of the form to the Office of Insurance.
11. PROPER COMPLETION OF THE ANNUAL RECONCILIATION

The Office of Insurance has automated the Kentucky Local Government Premium Tax information.

A. SECTION I

QUARTERLY INFORMATION

Column 1: Use the tax rate in effect for each quarter for each line of coverage. If premiums were returned at a different rate, they must be listed as a separate line item within that line of coverage.

Column 2: Include all premiums received at an insurer's home, administrative, or regional offices during a calendar quarter for the lines of coverage subject to LGPT.

Column 3: This is the amount actually due the city/county for each quarter (check schedule for minimum taxes or flat fees). In this column, **always** indicate the amount of tax that should have been paid even when filing amended reconciliations.

Column 4: The collection fee shall be 15% of the tax or 2% of the premium, whichever is less. (The collection fee is not to be deducted from the tax payable.)

Column 5: When the tax payable (the amount in Column 3) is assessed upon the policyholder, Column 5 is the total of Columns 2 and 3. When the tax and collection fee are assessed upon the policyholder, Column 5 is the total of Columns 2, 3, and 4.

Column 6: This is used when there was an error reported in Column 3 on the quarterly filings (form LGT-141) to

the city/county. When any additional tax is due the city/county, the amount should be shown in Column 6 and also in Section II for computation of interest due. Any overpayment should be shown in Column 6 and taken in subsequent quarters.

Credits (Form LGT-142) In the columns for the line listed "Credits (Form LGT 142)", please fill out for each quarter and compute the total in the "Annual Totals" section. **FOR THIS SCHEDULE**, there are 25 cities that need an LGT-142 filed - BRECKINRIDGE COUNTY - Includes Cloverport, Hardinsburg and Irvington; BULLITT COUNTY - Fox Chase, Hunters Hollow, Lebanon Junction; CAMPBELL COUNTY - California, Mentor, Southgate; CASEY COUNTY - Liberty; HOPKINS COUNTY - Dawson Springs, Hanson, Madisonville, Nebo, Nortonville, St. Charles and White Plains; JEFFERSON COUNTY - Glenview Manor, Kingsley, Ten Broeck and Watterson Park; MASON COUNTY - Dover; MEADE COUNTY - Ekron; PULASKI COUNTY - Science Hill; WAYNE COUNTY - Monticello (See LGT-142 Instructions)

ANNUAL TOTALS: Total annual figures for premiums received, tax payable, and interest paid are necessary.

B. SECTION II:

This section must be completed for all taxes that were not paid. Be certain to give totals for "Interest Due" and "Total Tax and Interest Due," along with "Date Tax Was Paid." Interest is computed from the date the tax was due (30 days after the end of each calendar quarter) until the date the tax is paid at the interest rate prescribed by the Kentucky Revenue Cabinet. The Kentucky Department of Revenue has set the annual interest rate for the 2004 tax year at 4%.

C. SECTION III:

Filings will not be approved without the proper certification (signature of preparer and date prepared).